



Texas Agricultural Extension Service

The Texas A&M University System

Balanced Dairying

Quick Letter

August 21, 1996

22 State Milk Production, July 1996

Milk Production

NASS, USDA released the July 1996 **22 State** milk production estimates August 14, 1996. At 11.1 billion pounds, total milk production for the 22 States is down 2.8 percent from last year's levels. Milk production was up 11.8 percent in Idaho and up 2.2 percent in New Mexico. Production in California was virtually unchanged from year earlier levels. Production in Wisconsin was down 5.9 percent, and, down 4.8 percent in Texas.

TABLE 1: Milk Production, Selected States, July 1996

	Million Pounds	Percent of Year Earlier
California	2,177	99.8
Wisconsin	1,893	94.1
New York	963	97.2
Pennsylvania	884	100.5
Minnesota	795	100.0
Michigan	461	95.8
Texas	455	95.2
Washington	455	98.1
Idaho	416	111.8
Ohio	369	95.3
Iowa	323	94.2
New Mexico	321	102.2
22 States	11,083	97.2

Milk Cows

The **22 State** milking herd averaged about 8.0 million head during July 1996, down slightly from year earlier levels. The Idaho herd grew nearly 9 percent from last year's levels. The herds both in California and in Pennsylvania were up almost 1 percent while the herd in Wisconsin herd was down about 3 percent from year earlier levels. The

Washington herd was down 3.0 percent from year earlier levels. The herds in Minnesota, Michigan, New York and Texas remained virtually unchanged from a year ago.

TABLE 2: Average Number of Milk Cows, Selected States, July 1996

	Thousand Head	Percent of Year Earlier
Wisconsin	1,445	97.0
California	1,262	100.6
New York	703	100.4
Pennsylvania	643	100.5
Minnesota	600	100.0
Texas	399	99.3
Michigan	327	100.3
Ohio	285	98.6
Washington	263	97.8
Idaho	255	109.0
Iowa	250	99.6
New Mexico	196	99.0
22 States	7,976	98.9

Production per Cow

Milk production per cow for July 1996 for the **22 States** totaled 1,390 pounds, down 24 pounds from year earlier levels. July production was highest per cow in Washington at 1,730 pounds, up 5 pounds from a year ago. Production in California at 1,725 pounds was down 15 pounds from last year's level. Milk production per cow in New Mexico was up 55 pounds. Production in Idaho was up 40 pounds from year earlier levels, but production per cow in Texas was down 50 pounds. New York production was down 45 pounds from year earlier levels. Michigan production per cow for the month was down 65 pounds and Wisconsin down 40 pounds from year earlier levels.

TABLE 3: Milk Production per Cow, Selected States, July 1996

	Pounds	Pounds Change	Percent of Year Earlier
California	1,725	15	99.1
Washington	1,730	5	100.3
Idaho	1,560	30	102.0
New York	1,410	-20	98.6
Michigan	1,405	-60	95.9
Minnesota	1,365	-5	99.6
Pennsylvania	1,360	-40	97.1
Wisconsin	1,305	-50	96.3
Ohio	1,300	-70	94.9
Texas	1,285	30	102.4
Iowa	1,285	-80	94.1
22 States	1,401	-20	98.6

Basic Formula Price

The BFP for July 1996 was announced at \$14.49 per hundredweight. This price is \$3.26 above year earlier levels of the Minnesota Wisconsin price and \$.57 above month earlier levels of the BFP.

TABLE 4: Forecasts of BFP Price @ 3.5% B.F.

	1995	1996	DIFFERENCE	
			Year Earlier	Month Earlier
JAN	\$11.35	\$12.73	\$1.38	(\$0.18)
FEB	\$11.79	\$12.59	\$0.80	(\$0.14)
MAR	\$11.89	\$12.70	\$0.81	\$0.11
APR	\$11.16	\$13.09	\$1.93	\$0.39
MAY	\$11.12	\$13.77	\$2.65	\$0.68
JUN	\$11.42	\$13.92	\$2.50	\$0.15
JUL	\$11.23	\$14.49	\$3.26	\$0.57
AUG	\$11.55	\$0.00	\$0.00	\$0.00
SEP	\$12.08	\$0.00	\$0.00	\$0.00
OCT	\$12.61	\$0.00	\$0.00	\$0.00
NOV	\$12.87	\$0.00	\$0.00	\$0.00
DEC	\$12.91	\$0.00	\$0.00	\$0.00

What's It All Mean?

Temperatures were extremely hot over Texas, and the herd numbers were down slightly, and production suffered. It was down 50 pounds from year earlier levels.

Milk supplies are tight across the United States and the BFP price reflects this robust demand. Cheese demand is the main force in the BFP price increase. Cheese makers are paying to keep their plants full and wholesale orders filled.

Hay supplies are critical in Texas. Coastal hay doubled in price in many areas in the last two months.

Alfalfa prices have jumped almost 15 percent during the same period.

Tracking the Basis

Many producers are wanting to use the Futures market to lock in milk prices. The first step is to determine your basis. The basis is defined as the difference between the cash price at your location and the futures price. The following three tables will help you get started.

Table 5A: 1996 Uniform Blend Prices for 3.5% Milk @ Dallas

Contract Month>	Feb. '96	Apr. '96	June '96
Marketing Month			
January	14.32		
February	14.15		
March		13.75	
April		14.06	
May			14.43
June			15.03

Table 5B: Fluid Milk Contact Month and Futures Prices, 15th of Month

Contract Month>	Feb. '96	Apr. '96	June '96
Marketing Month			
January	12.35	12.23	12.09
February	13.30	12.45	12.10
March		12.88	12.52
April		13.65	13.30
May			14.45
June			15.15

Table 5C: Fluid Milk Futures Pries Basis, 15th of the Month

Contract Month>	Feb. '96	Apr. '96	Jun. '96
Marketing Month			
January	1.97		
February	0.85		
March		0.87	
April		0.41	
May			-0.02
June			-0.12

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